Trade Deficit

111. DR. V. MAITREYAN: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) what is the total value of the trade deficit during the current financial year;

(b) what are the main reasons for the huge trade deficit which is increasing regularly;

(c) what steps are being taken to improve the situation *vis-a-vis* the import substitution; and

(d) what steps are being taken to improve the trade with many developing countries to boost exports?

THE MINISTER OF STATE IN THE DEPARTMENT OF COMMERCE, MINISTRY OF COMMERCE AND INDUSTRY (SHRI JAIRAM RAMESH): (a) During 2007-08 (April-December), on customs basis, while total value of exports were of the order of US$ 111049.70 million, the total value of imports were US$ 168871.01 million, resulting in a trade deficit of US $ 57821.31 million.

(b) The major reasons for increase in trade deficit can be attributed to the incerase in the import of capital goods and raw-materials, increase in the prices of petroleum products and also exports growing at a lower rate than that of imports .

(c) While it is the endeavour of the Government of promote exports through initiatives in accordance with the provisions under the Foreign Trade Policy (2004—09) and its Annual Supplements, suitable mechanism have also been put in place for monitoring the imports of sensitive items and to safeguard the interest of the domestic producers by resorting to various WTO compatible measures, which include calibration of applied tariff within bound tariffs, anti-dumping and safeguard action and imposition of countervailing duties etc.

(d) In order to enhance Indian exports to developing countries, the Government have initiated various integrated programmes like "Focus LAC", "Focus Africa", "Focus CIS" etc. besides setting up of joint forum on trade and investment for increasing bilateral trade, joint commissions on trade and economic cooperation, Agreement under SAFTA for SAARC LDCs. Under the Market Development Assistance (MDA) Scheme and Market Access Initiative (MAI) Scheme of the Government, assistance to exporters and Export Promotion Councils is also provided to promote Indian exports all over the world including developing countries.

Acquisition of military hardware from USA

112. SHRI AMAR SINGH: Will the Minister of DEFENCE be pleased to state:

(a) whether Government have recently finalized defence contracts with USA for acquisition of military hardware which include Super hercules aircraft which is also supplied to Pakistan by the same vendor;

(b) if so, the details thereof; and

(c) whether Government have since abandoned its policy of not procuring military hardware which have already been acquired by Pakistan and if so, the reasons therefor?

THE MINISTER OF DEFENCE (SHRI A.K. ANTONY): (a) to (c) Government have acquired the Landing Platform Dock (LPD) USS Trenton and UH-3H Helicopters from the US Government. These were commissioned into the Indian Navy in June 2007 as INS Jalashwa. Government have also signed Letters of Offer and Acceptance for the procurement of weapons and equipment required by the Special Forces of the Indian Army and for six C-130J-30 aircraft for the Indian Air Force. The C-130J-30 aircraft are the latest variant of the C-130 aircarft and are different from the aircraft being operated by Pakistan.

Continuous increase in trade deficit

113. SHRI M.V. Mysura Reddy: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether it is a fact that trade deficit of our country is continuously increasing;

(b) whether it is also a fact that India's balance of payment is not favourable;

(c) if so, the details thereof and the specific reasons therefor; and

(d) the details of steps taken by Government to increase out exports and improve balance of payment in the national interest?

THE MINISTER OF STATE IN THE DEPARTMENT OF COMMERCE, MINISTRY OF COMMERCE AND INDUSTRY (SHRI JAIRAM RAMESH): (a) Yes, Sir.

(b) and (c) The major reasons for increase in trade deficit can be attributed to the increase in the import of capital goods and raw material due to strong demand from manufacturing sector and also increase in the prices of petroleum products. As a proportion of GDP and on balance of payment (BOP) basis, trade deficit fell from a level of 2.7 per cent in 2000-01 to reach 2.1 per cent in 2002-03. The proportion has risen thereafter and reached a level of 6.9 per cent in 2006-07. With growing surpluses on invisibles account and capital inflows exceeding current account deficits, India's BOP situation remained comfortable.

(d) It is the endeavour of the Government to promote exports through initiatives in accordance with the provisions under the Foreign Trade Policy (2004—09) and its Annual Supplement. These measures are aimed at accelerating India's exports in line with its comparative advantage and the emerging situation in the domestic and international market.

Industrial units set up in the public sector

†114. SHRI JAI PARKASH AGGARWAL: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) the State-wise number of large and medium industrial units set up in the public sector as on date;

(b) the number of units out of these which are export oriented;

(c) whether Government propose to set up more export oriented units;

(d) if so, the State-wise details thereof; and

(e) the details of the programme formulated for the current financial year in this regard?

† Original notice of the question was received in Hindi